



**Estimate of Biennial General Program Revenue (GPR)
Fiscal Impact of Several Methods of Dental Rate Increases
Wisconsin Medicaid/BadgerCare Fee-for-Service**

The information below is sorted into two categories:

- Category 1:** Increasing Fees for All Dental Services
Category 2: Increasing Dental Fees for 20 Selected Services

Under each category, there are four tables based on the alternatives defined by the Task Force members at the last meeting:

- Alternative 1 (Table A):** Develop a two-year state fiscal estimate of a 10 percent annual increase in the reimbursement rate for all dental services with projected utilization increases of 0, 5, 10, and 15 percent.
- Alternative 2 (Table B):** Develop a two-year state fiscal estimate of increasing the reimbursement rate to the 25th percentile of the ADA 2003 regional fee survey with projected utilization increases of 0, 5, 10, and 15 percent.
- Alternative 3 (Table C):** Develop a two-year state fiscal estimate of increasing the reimbursement rate to the 50th percentile of the ADA 2003 regional fee survey with projected utilization increases of 0, 5, 10, and 15 percent.
- Alternative 4 (Table D):** Develop a two-year state fiscal estimate of increasing the reimbursement rate to the 75th percentile of the ADA 2003 regional fee survey with projected utilization increases of 0, 5, 10, and 15 percent.

How do I read these tables? Each cell represents the two-year GPR cost that would be incurred by raising reimbursement rates and experiencing an increase in utilization of services.

The leftmost column shows the utilization increase in the first year of the biennium, and the top row shows the increase in the second year. So, the top-left filled cell of Table 1A represents the new GPR expenditures if two sequential 10% rate increases resulted in a 0% utilization increase in Year 1, and a 0% utilization increase in Year 2. The next cell to the right is the result of a 0% utilization increase in Year 1, and a 5% increase in Year 2.

What do "utilization increases" mean? Because this analysis is done on a procedure code basis, the "utilization increases" mean a strict increase in the number of each procedure billed. For example, a 15% utilization increase in Year 1 means a 15% increase in the number of exams, fillings, extractions, et cetera, that Medicaid would pay for.

How many people does it translate into? An increase in utilization does not necessarily translate to an increase in the number of people served. However, assuming that a percentage increase in procedures billed results in a roughly equivalent increase in access to care, a 5% increase in Year 1 over the roughly 139,000 people receiving fee-for-service dental care in state fiscal year 2004 would translate into 6,950 new people. A 10% increase would be 13,900, and a 15% increase would be 20,850.

Why aren't the grey cells filled in? Department staff selected the 7 most reasonable scenarios for each matrix. Any of the remaining cells can be calculated, if requested.

What would the federal match to these new state dollars be? A rough estimate of the federal match can be obtained by multiplying any of the cell values by 1.47.

What would happen without a rate increase? In any of these scenarios, there are three components of increased expenditures: the fee increase, the utilization increase caused by the rate hike, and the underlying upward trend in utilization. Over the last 4 years, there has been an average annual utilization increase of 9% without any large rate increase. This is likely attributable to caseload growth and the recent increase in FQHC dentistry. This 9% trend has been incorporated into each of these projections. If there were no rate increase implemented, the continuation of this trend would result in additional GPR expenditures of \$3.4 million across all procedures. For the 20 codes selected for Tables IIA-IID, it would result in additional GPR expenditures of \$1.7 million.

Category 1: Increasing Fees for All Dental Services

Table A: Two 10% Rate Increases in Sequential Years

		Year Two Utilization Increase			
Year One Utilization Increase		0%	5%	10%	15%
	0%	\$7,800,000	\$8,700,000		
	5%		\$10,400,000	\$11,300,000	
	10%			\$13,000,000	\$14,000,000
	15%				\$15,700,000

Table B: 25th Percentile of 2003 ADA ENC Survey Fees

		Year Two Utilization Increase			
Year One Utilization Increase		0%	5%	10%	15%
	0%	\$23,400,000	\$24,700,000		
	5%		\$27,100,000	\$28,400,000	
	10%			\$31,000,000	\$32,300,000
	15%				\$34,900,000

Table C: 50th Percentile of 2003 ADA ENC Survey Fees

		Year Two Utilization Increase			
Year One Utilization Increase		0%	5%	10%	15%
	0%	\$31,900,000	\$33,400,000		
	5%		\$36,300,000	\$37,800,000	
	10%			\$40,800,000	\$42,400,000
	15%				\$45,500,000

Table D: 75th Percentile of 2003 ADA ENC Survey Fees

		Year Two Utilization Increase			
Year One Utilization Increase		0%	5%	10%	15%
	0%	\$41,100,000	\$42,800,000		
	5%		\$46,200,000	\$48,000,000	
	10%			\$51,400,000	\$53,300,000
	15%				\$56,900,000

Category 2: Increasing Dental Fees for 20 Selected Services

Chart 1, on page 5, shows the 20 procedures that were selected by DHFS' Dental Consultant and Chief Dental Officer to develop a fiscal estimate for Category 2.

Table A: Two 10% Rate Increases in Sequential Years - Selected Codes

		Year Two Utilization Increase			
Year One Utilization Increase		0%	5%	10%	15%
	0%	\$2,800,000	\$3,200,000		
	5%		\$3,900,000	\$4,400,000	
	10%			\$5,100,000	\$5,600,000
	15%				\$6,400,000

Table B: 25th Percentile of 2003 ADA ENC Survey Fees - Selected Codes

		Year Two Utilization Increase			
Year One Utilization Increase		0%	5%	10%	15%
	0%	\$10,200,000	\$10,800,000		
	5%		\$11,900,000	\$12,500,000	
	10%			\$13,700,000	\$14,300,000
	15%				\$15,500,000

Table C: 50th Percentile of 2003 ADA ENC Survey Fees - Selected Codes

		Year Two Utilization Increase			
Year One Utilization Increase		0%	5%	10%	15%
	0%	\$14,300,000	\$15,000,000		
	5%		\$16,300,000	\$17,100,000	
	10%			\$18,500,000	\$19,200,000
	15%				\$20,600,000

Table D: 75th Percentile of 2003 ADA ENC Survey Fees - Selected Codes

		Year Two Utilization Increase			
Year One Utilization Increase		0%	5%	10%	15%
	0%	\$18,800,000	\$19,700,000		
	5%		\$21,200,000	\$22,100,000	
	10%			\$23,700,000	\$24,600,000
	15%				\$26,300,000

Chart 1: Fee Changes for Selected Codes

Description	Current Average Allowed Amount	10% Increase Year One	10% Increase Year Two	ADA ENC 10th Percentile	ADA ENC 25th Percentile	ADA ENC 50th Percentile	ADA ENC 75th Percentile
Child fluoride and cleaning	\$34	\$38	\$41	\$18	\$26	\$52	\$65
Child fluoride	\$13	\$14	\$15	\$17	\$20	\$24	\$28
Adult fluoride	\$12	\$13	\$14	\$17	\$20	\$24	\$28
Adult fluoride and cleaning	\$36	\$39	\$43	\$17	\$25	\$62	\$79
Sealant	\$16	\$18	\$19	\$25	\$28	\$31	\$35
1-surface silver filling	\$33	\$36	\$40	\$58	\$65	\$75	\$84
2-surface silver filling	\$42	\$47	\$51	\$74	\$82	\$90	\$102
3-surface silver filling	\$52	\$57	\$63	\$86	\$95	\$110	\$125
4-surface silver filling	\$53	\$59	\$64	\$99	\$112	\$130	\$155
1-surface anterior resin filling	\$39	\$43	\$48	\$70	\$79	\$90	\$102
2-surface anterior resin filling	\$50	\$55	\$60	\$86	\$95	\$110	\$128
3-surface anterior resin filling	\$59	\$65	\$71	\$100	\$115	\$132	\$158
4-surface anterior resin filling	\$70	\$77	\$85	\$115	\$140	\$165	\$197
Stainless steel crown, primary	\$87	\$96	\$106	\$105	\$140	\$168	\$200
Full upper denture	\$420	\$462	\$509	\$720	\$804	\$900	\$1,100
Full lower denture	\$434	\$477	\$525	\$725	\$802	\$900	\$1,100
Primary tooth extraction	\$41	\$45	\$50	\$45	\$50	\$71	\$90
Tooth extraction	\$39	\$43	\$48	\$70	\$80	\$90	\$105
Surgical tooth extraction	\$86	\$94	\$104	\$114	\$138	\$165	\$185
Hospital visit	\$96	\$105	\$116	\$47	\$61	\$95	\$125

Chart 1 can be used to compare the scenarios using the current average amount that Wisconsin Medicaid pays for each procedure and how that compares to various ADA fee survey percentiles and to the scenario of two 10% increases.

Notes on Tables in Category 1 and Category 2:

1. Uses SFY 2006 state financial participation rates of 42.18% for Title XIX recipients and 29.52% for Title XXI recipients, rounded to the nearest \$100,000.
2. Assumes costs over two full state fiscal years (i.e., that rate increases would be effective at the start of SFY 2006 - July 1, 2005).
3. Projection is for fee-for-service dental program only. It includes no information on recipients receiving dental services through managed care organizations in Milwaukee, Waukesha, Racine, or Kenosha Counties, and no information on FQHC cost settlements.

4. Assumes that all claims will be paid at the newly-established rates. This may somewhat overstate the costs of the more expensive alternatives, such as the ADA 50th and 75th percentiles. Wisconsin Medicaid pays claims at our established rates or the dentist's billed charge, whichever is less. By definition, 74 percent of dentists' retail fees are at or somewhere below the 75th percentile of fees, so some billed charges, and thus payments, will be below the new rates. However, it is not possible to determine the extent of this overstatement. There is evidence that some dentists currently bill Medicaid only at our maximum allowable fees as an accounting convenience for their business. So, dentists' current billed charges to Medicaid may not be a reliable predictor of what the billed charges we would receive under a new fee schedule.
5. Assumes that the mix of dental services provided will not change. This assumption is justified because of two roughly offsetting effects of raising rates. First, if rates are raised substantially for relatively higher-cost services such as composite restorations, it is probable that providers will switch to these services and away from relatively lower-cost services such as amalgam restorations. Second, increased fees may result in earlier treatment of incipient and emerging decay, resulting in a switch away from high-cost services such as surgical extraction to lower-cost services involved in routine dental care.

Notes for Chart 1: Fee Changes for 20 Selected Procedures:

1. "Current Average Allowed Amount" is the blended rate paid for children's and adult services. Current maximum allowable fees for children are about 5% higher than for adults. This figure does not deduct copayment amounts, and is rounded to the nearest dollar.
2. "ADA ENC" refers to the 2003 American Dental Association Survey of Dental Fees for the East North Central Region. The ENC is defined as Illinois, Indiana, Michigan, Ohio, and Wisconsin.
3. The ADA ENC 10th percentile is included for comparison purposes only.